

ARIG BANK







ARIG BANK

Intelligence, Will, Creativity  
our Ever Innovative People  
build

The Greatest Customer Experiences

Our Vision



# Contents

Arig Culture, Board of Directors	4
Executive Management	5
Our Staff	6
Future of digital banking services	7
Swipe	8
iDual - Finger Print, Vein system	9
TCR	10
TUTS machines	11
Financial Highlights	12
Balanced Risk Management	13
Customer Support Centers	14



Customers

Customer Care Team

Support Team

Chief Support Officer



## ARIG CULTURE

### The Foundation of our existence

The whole concept of "business" is to offer something people want and get rewarded for doing so. Whoever builds better things for people and delivers them better, does better than others. So we see that business is and should be all about the person on the receiving end - the end customer, and giving them great experiences. At Arig, we are striving to do just that - to create great customer experiences.

### Most Valuable People, face of the bank

We want our team, that directly interacts with customers, to be highly intuitive, genuinely caring, properly communicative, and well qualified professionally. Our customer care team is of paramount importance to us. They provide us with priceless information on customer needs and preferences, communicate their feedback and criticism. They have the empowerment and duty to demand, from the Support Team, urgent improvement of services whenever needed.

### Support the Customer Care Team in every way

The ultimate purpose of the Support Team's existence is to assist and support our Customer Care Team in every way, so that they can build great customer experiences. Some of many different types of support include product design, processes, management, risk, marketing, etc.

### Exemplary supporter of the, Customer Care Team

Out of the entire Support Team, it is the Chief Support Officer's duty to be the biggest supporter of our Customer Care Team and inspire the rest of the Support Team, to ensure great customer experiences.

## BOARD OF DIRECTORS

**ERDENEBAT BADARCH**  
CHAIRMAN OF THE BOARD OF DIRECTORS

Mr. Badarch has been serving as the President of Erel Group since 2008. He started his career in 1984 as an engineer at Erel Geophysics Complex Expedition and has served as the Director of Erel Cooperative between 1989 and 1991, as the General Director of Erel LLC between 1991 and 2000. Mr. Badarch also served as a member of Mongolian Parliament between 2000 and 2008, as Minister of the Ministry of Defense, Minister of Fuel and Energy from 2004 to 2008. He has extensive experience in managing both private and state organizations.

Mr. Badarch earned his Predoctoral degree in 1997, his PhD in Economics in 2000 from International Politics and Economics Research Institute in Russia.

**ROLF DIETER WOERLE**  
INDEPENDENT MEMBER OF THE BOARD OF DIRECTORS

Mr. Woerle has held senior and management positions in European banks and bank related organizations and has extensive experience in bank training, business management, organizational development, human resource development, operational and strategic management. He started his career in 1965 as a Branch manager at the Savings bank in Burbach, Germany, moving on to Loan Department manager, Marketing manager and Chairman of the Board of Directors. Between 1974 and 1998, he served as the Deputy Director and CEO of Frankfurt Main Bank Academy. He then served as the Director of East German Savings Banks Academy in Potsdam until 2006. Mr. Woerle led the "Promotion of Service Providers in the Financial Sector" project implemented in Mongolia by the German Technical Cooperation Agency (GTZ). Since 2009, he is serving as the Independent Board Member at Arig Bank.

**ERDENESANAA BURENJARGAL**  
INDEPENDENT MEMBER OF THE BOARD OF DIRECTORS

Mr. Burenjargal is working as the Managing director of Signum Resources Corporation since 2009. He worked as Vice President, Retail Financial Services at TDB between 2003 and 2007, when the bank was managed under the technical assistance program by ING bank of Netherlands.

His prior experiences also include work as Structured Finance/ Merchant Banker at Gerald Metals Inc., Stamford Connecticut in 2007.

Founder and General Director of Invesco (Mongolia) Co., Ltd.

He earned his MBA at University of Rochester, New York, USA in 1998 and received his bachelor's degree in Banking at Economics Academy, Irkutsk, Russia in 1991.

Mr. Burenjargal served as member of the Board of Directors of Mosdaq LLC, 2009-2010, KHAAN BANK, 2001 and Netmon non-bank financial institution, 2000-2001.

Mr. Burenjargal is a valuable leader with extensive experience in banking who contributed to the Mongolian banking sector by successfully introducing major international payment cards - American Express, Visa, MasterCard and JCB, as well as introducing MoneyGram, an international money wire service, throughout the country.

**SERGELEN DAVAAKHUU**  
MEMBER OF THE BOARD OF DIRECTORS

Mrs. Davaakhuu has been serving as the General Director of Erel Group since 2000. Prior to serving Erel Group, she was an expert at State Geodesy and Cartography office between 1987 and 1991, worked as the Head of Foreign Affairs Department, Director of Erel LLC from 1991 to 2000.

She graduated from University of Geodesy and Cartography in Novosibirsk, Russia /formerly Soviet Union/ in 1987 majoring in Aerophoto Geodetic Engineering. She earned her Bachelor's degree in English from Olgontenger University in 1997, Master's degree in Banking management from the University of Finance and Economics in 1999 and PhD from the International Politics and Economics Research Institute of Russia in 1997.

**JARGALAN ERDENEBAT**  
MEMBER OF THE BOARD OF DIRECTORS

Mr. Erdenebat graduated from SOAS University of London in 2008 with a degree in Economics and has since been serving as a Project manager and Director of Erel Group.

# Executive Management

Chief Support Officer  
Tumurkhoo Davaakhuu



Lead Supporter  
Controlling Support Division  
Naranbaatar Radnaa

Lead Supporter  
Business Ehnancement Division  
Amarjargal Baldanjamts



Senior Supporter  
Employee Support Division  
Orkhon Nanzadbayar

Lead Supporter  
Customer Support Centers Division  
Bat-Erdene Sharav



Lead Supporter  
Internal Audit Division  
Odbayar Oidov

Lead Supporter  
Hospitality Division  
Munkhzul Ganbaatar



Lead Supporter  
Technological Advancement Division  
Munkhbayar Batkhuu



**OUR STAFF** Business success today depends more than ever on employees skills and engagement. We invest in our people by training and developing their skills to thrive in our fast moving and competitive sector.

An effective performance management process is critical to our business success. All employees are evaluated periodically on KPI (Key Performance Indicators) to help our bank define and measure progress. And each time managers provide comprehensive feedback to clarify employee expectations, inform pay and promotion decisions and highlight individuals' strengths and areas that need work.



Ali	Bayarmaa	Zolzaya.	Oyun-Erdene	Enkhzorig	Enkhtsetseg	Tsenguunjav	Delger	Tsetsgee	Oyunzul
Altansukh	Bilguun	Munkhtuya.	Saikhanjargal	Enkhnasan	Erdenechuluun	Bayarkhuu	Tsogjargal	Erdenbayar	Unurjargal
Ariunbolor	Buyant	Munkhtsetseg.	Sarantsetseg	Erdenebaatar	Ankhubayar	Dolgorsuren	Erdenejargal	Bayarmaa	Tuya
Badamjugnee	Buyankhishig	Myagmar	Tuguldur	Erdene-Ochir	Bayarsaikhan	Sodgerel	Erdenetuya	Gankhuyag	Orkhon
Batbileg	Byambaa	Munkh-Aldarmaa	Tumurkhuu	Ariun-Enkh	Gerelt-Od	Tsogbayar	Azzaya	Dulmaa	Jargalmaa
Batzaya	Gelegjamts	Naranbaatar	Turbayar	Baasanbat	Ishdorj	Enkhjargal	Bat-orshikh	Dolgormaa	Sarantuya
Battuvshin	Dulamsuren	Narantsetseg.	Temuujin	Gombosuren	Munkhzaya	Enkhtaivan	Byambasuren	Munkhbaatar	Myagmarnaran
Battsetseg	Javkhlantugs	Nergui	Undarmaa	Gansuvd	Odontuul	Bat-Orgil	Gantulga	Munkhtsatsralt	Enkhtuul
Battseren	Jiizedmaa	Odontsetseg	Uranchimeg	Gereltuya	Orgilmaa	Batchimeg	Gankhuyag	Khorrlmaa	Undrakh
Bat-Erdene	Zandanshagai	Orgilmaa	Kharibold	Jargalsaikhan	Oyuntsetseg	Ganbaatar	Munkhtsetseg	Enkhtaivan	Tumur-Ochir
Bat-Erdene	Zoljargal	Ochbayar	Tsendsuren	Uyanga	Oyunsuvd	Davaatsogt	Tuvshindalai	Khandiimaa.	Gan-Mumur
Bayarmaa	Zolzaya	Oyunjargal	Tselmeg	Tserennadmid	Sukhbolor	Temuujin	Tuya	Baasandulam	Batorshikh





## PIONEERING THE FUTURE OF DIGITAL BANKING SERVICE

Arig Bank is in the stage of researching and developing new technology to pioneer Swipe card readers, mobile payment solution for smart phones that will be suited best for today's modern digital lifestyle. Swipe card readers will enable merchants, small business owners and individuals to cost efficiently receive payments from bank cards in a matter of seconds.

Furthermore, consumers will simply use their bank cards at any corner and anywhere they go, whether taking a cab, riding a bus, or shopping in a market. As a result, ATM hunting and worrying about shopping without cash on hand will be eliminated.



***YOUR MOBILE NOW  
READS CARDS***





HITACHI

# Finger Vein detection



**Secure** As finger vein patterns are found internally within the body, forgery is extremely difficult. Dryness or roughness on the surface of the skin also has no effect on the accuracy of vein pattern authentication.

Based on the patterns of veins in one's finger or hand, vascular pattern recognition (VPR) provides the ease of use of hand geometry with much improved accuracy, smaller readers and contact less use. Hitachi's finger vein system scans the veins one's fingers and then match the vein patterns of their respective preestablished templates.

As near infrared light generated by Bank of LEDs (light emitting diodes) penetrates the body tissue, it is reflected in the hemoglobin in the blood. A CCD (charge coupled device)

camera (which uses a small, rectangular piece of silicon to receive incoming light) captures the image of the vein pattern through this reflected light. Image processing constructs a finger vein pattern from the camera image. This pattern is compressed and digitized so that it can be registered as a template or digitized image that it compares to the stored template of the user, and determines whether there is a match, using pattern-matching techniques.

The actual algorithms used in the process differ from vendor to vendor.



# Expanding cooperation with world leader companies

In cooperation with Glory Global Solutions, a worldwide leader and pioneer in the development and manufacturing of cash handling systems, Arig Bank has introduced the first Teller Cash Recycler (TCR) in Mongolia. Hence, Arig Bank is ensuring that cash moves seamlessly throughout operations, significantly reducing cost while

transforming staff productivity and saving customers valuable time. Glory, headquartered in Himeji, Japan, develops products built on leading recognition/ identification and mechatronics technology and operates in over 120 countries in the world.







## You can now use “TUTS machines (Electronic Public Service Machines)” at our Customer Support Centers

Do you wish to receive public services fast and easily?

You can now use “TUTS machines (Electronic Public Service Machines)” at our “Duchin Myangat”, “Bayanzurkh” and “Songinokhairkhan” Customer Support Centers!

# FINANCIAL HIGHLIGHTS



25 March 2016

№ 2/03

Ulaanbaatar

## Independent Auditors' Report

### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Arig Bank as of 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as modified by Bank of Mongolia guidelines.

### Other Matter

The financial statements of the Bank as of and for the year ended 31 December 2014 were audited by Deloitte Onch Audit LLC who expressed an unqualified opinion on those statements on 30 March 2015. Comparative information for the financial year 2015 is based on that opinion on the financial statements.



## STATEMENTS OF FINANCIAL POSITION As of 31 December 2014 and 2015

(In thousands of MNT)	2015	2014
<b>Assets</b>		
Cash and due from banks	25,217,135	12,091,007
Investment securities	14,212,424	9,058,171
Loans and advances, net	56,203,624	42,528,931
Foreclosed real properties, net	771,793	952,420
Other assets, net	2,046,396	1,230,808
Deferred tax assets	185,383	157,539
Property, plant and equipment, net	3,732,362	3,643,077
Intangible assets, net	400,86	369,42
<b>Total assets</b>	<b>102,769,981</b>	<b>70,031,377</b>
<b>Liabilities and shareholders' equity</b>		
<b>Liabilities</b>		
Current accounts from customers	1,902,147	1,221,311
Deposits	72,274,285	43,908,595
Deposits and placements by banks and other financial institutions	10,227,442	7,420,800
Other deposits	320,097	227,774
Other liabilities	4,405,056	2,660,513
<b>Total liabilities</b>	<b>89,129,027</b>	<b>55,438,993</b>
<b>Equity</b>		
Share capital	16,290,000	16,290,000
Retained earnings (loss)	(2,649,046)	(1,697,616)
<b>Total equity</b>	<b>13,640,954</b>	<b>14,592,384</b>
<b>Total liabilities and equity</b>	<b>102,769,981</b>	<b>70,031,377</b>

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For the years ended 31 December 2014 and 2015

(In thousands of MNT)	2015	2014
Interest income	16,509,164	8,713,754
Interest expense	(9,999,262)	(4,808,307)
<b>Net interest income</b>	<b>6,509,902</b>	<b>3,905,447</b>
Net trading gains (loss)	122,823	(29,655)
Net exchange rate gains (loss)	50,401	(54,571)
Fees and commission income	939,021	359,901
<b>Net non-interest income</b>	<b>1,112,245</b>	<b>275,675</b>
<b>Operating income</b>	<b>7,622,147</b>	<b>4,181,122</b>
Operating expenses	(6,059,385)	(5,133,526)
<b>Profit (loss) before impairment loss</b>	<b>1,562,762</b>	<b>(952,404)</b>
Provision for impairment losses	(3,074,162)	(2,210,439)
<b>Profit (loss) from operations</b>	<b>(1,511,400)</b>	<b>(3,162,843)</b>
Non-operating income	660,535	365,126
Non-operating expenses	(128,409)	(110,862)
<b>Profit (loss) before income tax</b>	<b>(979,274)</b>	<b>(2,908,579)</b>
Income tax (expense) allowance	27,844	157,539
<b>Net profit (loss) for the year</b>	<b>(951,430)</b>	<b>(2,751,040)</b>
<b>Other comprehensive income:</b>		
<b>Non-reclassified items from profit or loss</b>		
Net changes of revaluation reserves of fixed assets	-	-
<b>Total comprehensive income (loss) for the year</b>	<b>(951,430)</b>	<b>(2,751,040)</b>



# BALANCED RISK MANAGEMENT

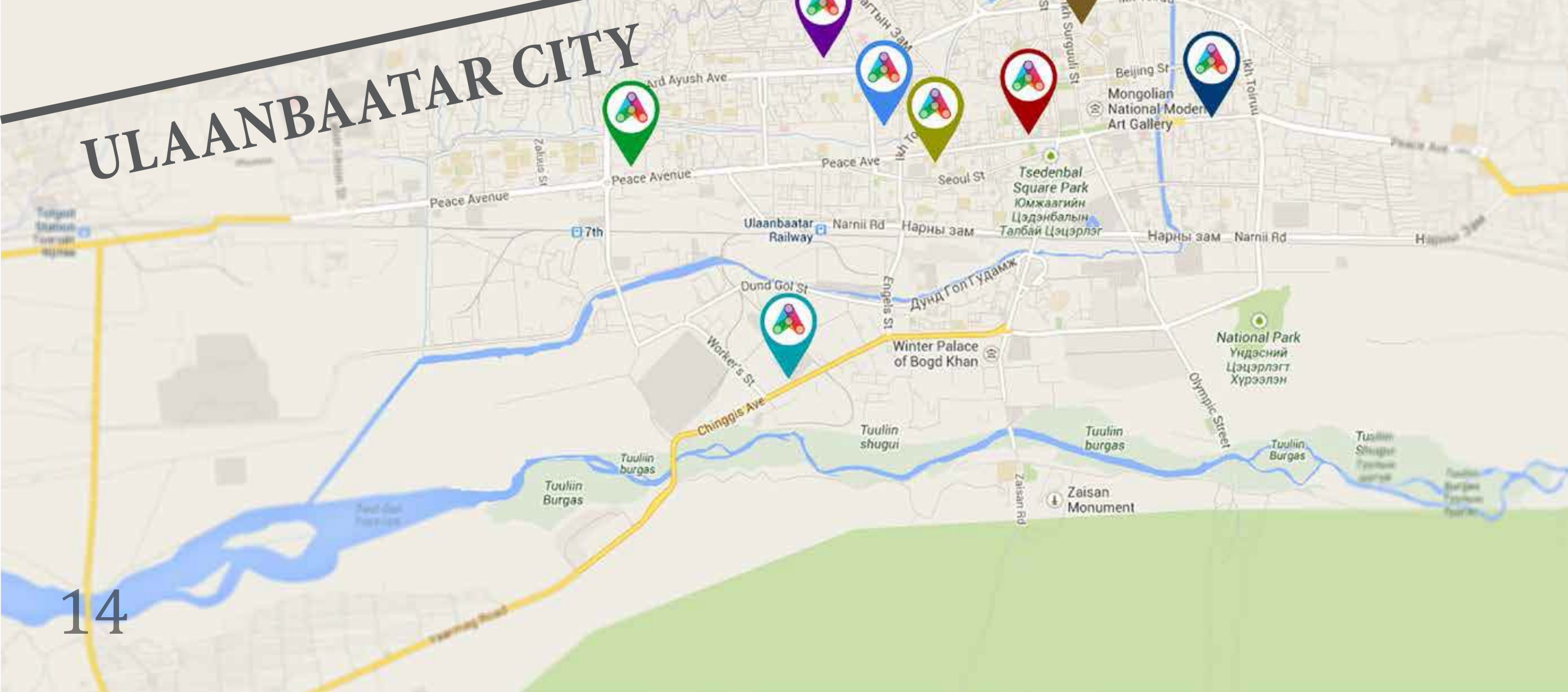
Balancing between managing, controlling, and preventing risks are among Arig Bank's key priorities. This focus not only ensures that the bank can meet its obligations to its customers but also ensures compliance with the regulations in force. The team, who ensures balanced risk management, consists of Credit Risk management, Financial Steering management, Market Risk management, and Financial Integrity sub teams.



# DARKHAN CITY



# ULAANBAATAR CITY



## OUR CUSTOMER SUPPORT CENTERS

Customer support centers located in major metropolitan areas in Ulaanbaatar and Darkhan cities.



Khan-uul



Duchin Myangat



Khoroolol



Songinokhairkhan



Bayanzurkh



M20



Bumbugur



Darkhan



New Darkhan



Prestige Banking





**ARIG BANK**

Tell: +976 7013-3060

[www.arigbank.mn](http://www.arigbank.mn)

e-mail: [info@arigbank.mn](mailto:info@arigbank.mn)